

State Dept. review completed

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NSC BRIEFING

LAOS

- I. Prospects for effective anti-Communist government in Laos are fading.
- II. Premier-designate Souvanna Phouma has made only superficial accommodation to pressure for "reform government."
- A. He has offered young anti-Communists only five seats in 14-man cabinet.
- III. US ambassador concludes that proposed govt "would be woefully weak and basically similar to others which have governed so ineffectively in past."
- A. Ambassador convinced Matay must be dropped and one new face added, making total six new faces.
- B. Ambassador believes this is best we can hope to see invested.
- IV. Communist-dominated Neo Lao Hak Zat plans to vote for this or any other cabinet headed by Souvanna.
- A. They estimate Souvanna tractable.
- B. They fear coup, closure of assembly.
- V. Young anti-Communist leaders in Committee for Defense of National Interest have stated they will reject Souvanna's offer. They have demanded majority in cabinet and have threatened coup.
- VI. They may back off, however, and reduce demands, since their bargaining power weakened by own disorganization and irresolution of key supporters - crown and army.
- A. Committee has several spokesmen making conflicting demands.
- B. Crown and army less eager to "impose" govt if blocked in assembly.
- C. Army chief of staff and committee member Gen Ouane found subservient to Souvanna.
- VII. There is still outside chance that committee will carry out coup with help of army and impose strong government.
- A. Committee looks to deputy chief of staff as leader.

VIII. We estimate that the Communist-dominated Neo Lao Hak Xat will almost certainly win the next elections in Laos, currently scheduled for December 1959, unless there are drastic changes in the leadership, organization and effectiveness of the conservatives.

A. There is currently little indication that these necessary changes are imminent.